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John D. Fiero (CA Bar No. 136557)
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Proposed Attorneys for Sedgwick, LLP

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re:

SEDGWICK, LLP,

Debtor.

Case No.: 18-31087 (HB)

Chapter 11

**DEBTOR'S APPLICATION TO EMPLOY
PACHULSKI STANG ZIEHL & JONES
LLP AS ATTORNEYS FOR THE
DEBTOR AS OF THE PETITION DATE**

[No Hearing Required]

Sedgwick LLP, the above-captioned debtor and debtor in possession (the “**Debtor**”), submits this application (the “**Application**”) to employ Pachulski Stang Ziehl & Jones LLP (“**PSZ&J**”) as general bankruptcy counsel to the Debtor effective as of October 2, 2018 (the “**Petition Date**”). In support of this Application, the Debtor respectfully represents as follows:

I.

JURISDICTION

This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory bases for the relief sought herein are sections 327(e), 330, and 331 of the Bankruptcy Code and Bankruptcy Rule 2014-1.

II.

STATEMENT OF FACTS

A. **General Background**

On the Petition Date, the Debtor filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code. As of December 31, 2017, the Debtor discontinued providing legal services and on January 1, 2018, the Debtor by way of its dissolution committee commenced winding down the firm. In that context, the Debtor continues to operate its business and manage properties as debtor and debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or an examiner in this chapter 11 case, and no official committee has yet been appointed by the Office of the United States Trustee.

The factual background regarding the Debtor, including its current and historical business operations and the events precipitating the commencement of its chapter 11 case, is set forth in detail in the *Declaration of Gregory C. Read in Support of First Day Motions* [Docket No. 2] (the “**Read Declaration**”).

III.

RELIEF REQUESTED

By this Application, the Debtor seeks to employ and retain PSZ&J as its bankruptcy counsel with regard to the filing and prosecution of this chapter 11 case and all related proceedings. Accordingly, the Debtor respectfully requests the entry of an order pursuant to section 327(a) of the Bankruptcy Code and Bankruptcy Rule 2014 authorizing it to employ and retain PSZ&J as its bankruptcy counsel under a general retainer to perform the legal services that will be necessary during this chapter 11 case, pursuant to the terms set forth in this Application and the supporting declaration of John W. Lucas (the “**Lucas Declaration**”), attached hereto as **Exhibit A** and incorporated herein by reference, effective as of the Petition Date. A proposed form of order authorizing the retention of PSZ&J is annexed hereto as **Exhibit B**.

The Debtor seeks to retain PSZ&J as its counsel because of the Firm’s extensive experience and knowledge in the field of debtor’s and creditors’ rights and business reorganizations under

chapter 11 of the Bankruptcy Code and because of the Firm's expertise, experience and knowledge practicing before this Court. In preparing for its representation of the Debtor in this case, PSZ&J has become familiar with the Debtor's business and affairs and many of the potential legal issues that may arise in the context of this chapter 11 case.

Subject to Court approval in accordance with sections 330(a) and 331 of the Bankruptcy Code, compensation will be payable to PSZ&J on an hourly basis plus reimbursement of actual, necessary expenses and other charges incurred by PSZ&J. The principal attorneys presently designated to represent the Debtor and their current standard hourly rates are:

a.	Richard M. Pachulski	\$1,245.00
b.	Kenneth H. Brown	\$925.00
c.	John D. Fiero	\$875.00
d.	John W. Lucas	\$725.00
e.	Jason H. Rosell	\$595.00
f.	Paralegals	\$375.00

Other attorneys and paralegals may from time to time serve the Debtor in connection with the matters described herein.

The hourly rates set forth above are PSZ&J's standard hourly rates for work of this nature. These rates are set at a level designed to fairly compensate PSZ&J for the work of its attorneys and paralegals and to cover fixed and routine overhead expenses. It is PSZ&J's policy to charge its clients in all areas of practice for all other expenses incurred in connection with the client's case. The expenses charged to clients include, among other things, conference call charges, mail and express mail charges, special or hand delivery charges, document retrieval charges, photocopying charges, charges for mailing supplies (including, without limitation, envelopes and labels) provided by PSZ&J to outside copying services for use in mass mailings, travel expenses, expenses for "working meals," computerized research, and transcription costs, as well as non-ordinary overhead expenses such as secretarial and other overtime. PSZ&J will charge the Debtor for these expenses in a manner and at rates consistent with charges made generally to PSZ&J's other clients. PSZ&J

1 believes that it is fairer to charge these expenses to the clients incurring them than to increase the
2 hourly rates and spread the expenses among all clients.

3 The professional services that PSZ&J will render to the Debtor include, but shall not be
4 limited to, the following:

- 5 a. taking necessary or appropriate actions to protect and preserve the Debtor's
6 estate, including the prosecution of actions on the Debtors' behalf, the defense
7 of any actions commenced against the Debtor, the negotiation of disputes in
8 which the Debtor is involved, and the preparation of objections to claims filed
9 against the Debtor's estate;
- 10 b. providing legal advice with respect to the Debtor's powers and duties as a
11 debtor in possession in the continued wind-down of operation of its business
12 and management of its property;
- 13 c. preparing on behalf of the Debtor any necessary applications, motions,
14 answers, orders, reports, and other legal papers;
- 15 d. appearing in Court on behalf of the Debtor;
- 16 e. preparing and pursuing confirmation of a plan and approval of a disclosure
17 statement, and such further actions as may be required in connection with the
18 administration of the Debtor's estate; and
- 19 f. acting as general bankruptcy counsel for the Debtor and performing all other
20 necessary or appropriate legal services in connection with this chapter 11 case.

21 To the best of the Debtor's knowledge, except as otherwise disclosed in the Lucas
22 Declaration, PSZ&J has not represented the Debtor, its creditors, equity security holders, or any
23 other parties in interest, or their respective attorneys, in any matter relating to the Debtor or its estate.

24 PSZ&J has received payments from the Debtor during the year prior to the Petition Date in
25 the amount of \$753,586.42 including the filing fee for this case, in connection with its prepetition
26 representation of the Debtor. PSZ&J is current as of the Petition Date, but has not yet completed a
27 final reconciliation of its prepetition fees and expenses as of the Petition Date. Upon final
28 reconciliation of the amount actually expended prepetition, any balance remaining from the
prepetition payments to the Firm will be credited to the Debtor and will supplement PSZ&J's
retainer to apply to postpetition fees and expenses pursuant to the compensation procedures
approved by this Court and the Bankruptcy Code.

1 A. **PSZ&J's Disinterestedness**

2 To the best of the Debtor's knowledge, except as disclosed herein or in the annexed Lucas
3 Declaration, PSZ&J has not represented the Debtor, its creditors, equity security holders, or any
4 other parties in interest, or their respective attorneys, in any matter relating to the Debtor or its estate.

5 To the best of the Debtor's knowledge, except as otherwise disclosed in the Lucas
6 Declaration, PSZ&J does not hold or represent any interest adverse to the Debtor's estate, PSZ&J is
7 a "disinterested person" as that phrase is defined in section 101(14) of the Bankruptcy Code, and
8 PSZ&J's employment is necessary and in the best interests of the Debtor and its estate. PSZ&J will
9 periodically review its connections to parties in these cases and will provide any supplemental
10 disclosures as necessary.

11 B. **Interim Compensation**

12 The Debtor, subject to the provisions of the Bankruptcy Code, the Bankruptcy Rules, the
13 Local Rules and further orders of this Court, proposes to pay PSZ&J its customary hourly rates for
14 services rendered that are in effect from time to time, as set forth herein and in the Lucas
15 Declaration, and to reimburse PSZ&J according to its customary reimbursement policies, and submit
16 that such rates are reasonable.

17 The Debtor understands that PSZ&J hereafter intends to apply to the Court for allowances of
18 compensation and reimbursement of expenses in accordance with the applicable provisions of the
19 Bankruptcy Code, the Bankruptcy Rules, the Local Rules and orders of this Court for all services
20 performed and expenses incurred after the Petition Date.

21 **II.**

22 **NOTICE**

23 Notice of this Application has been given to the following parties or, in lieu thereof, to their
24 counsel, if known: (a) the Office of the United States Trustee, (b) the top 20 unsecured creditors or
25 their counsel until any Official Committee of Unsecured Creditors or its counsel, if appointed; and
26 (c) the parties that file with the Court requests for notice of all matters in accordance with
27 Bankruptcy Rule 2002. The Debtor submits that, in light of the nature of the relief requested, no
28 other or further notice need be given.

III.

NO PRIOR REQUEST

No prior request for the relief sought in this Application has been made to this Court or any other court.

Dated: October 15, 2018

Sedgwick, LLP



Curtis D. Parvin
Dissolution Committee Member, Chair

EXHIBIT A
(Lucas Declaration)

Richard M. Pachulski (CA Bar No. 90073)
John D. Fiero (CA Bar No. 136557)
John W. Lucas (CA Bar No. 271038)
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jfiero@pszjlaw.com
jlucas@pszjlaw.com

Proposed Attorneys for Sedgwick, LLP

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re:

SEDGWICK, LLP,

Debtor.

Case No.: 18-31087 (HB)

Chapter 11

**DECLARATION OF JOHN W. LUCAS IN
SUPPORT OF DEBTOR'S APPLICATION
TO EMPLOY PACHULSKI STANG
ZIEHL & JONES LLP AS ATTORNEYS
FOR THE DEBTOR *NUNC PRO TUNC*
TO THE PETITION DATE**

[No Hearing Required]

I, John W. Lucas, being duly sworn, deposes and says:

1. I am a partner in the firm of Pachulski Stang Ziehl & Jones LLP ("**PSZ&J**" or the "**Firm**"), located at 150 California Street, 15th Floor, San Francisco, CA 94111, and have been duly admitted to practice law in the State of California, the United States District Court for the Northern District of California and the State of New York, among other jurisdictions. This Declaration is submitted in support of the *Debtor's Application to Employ Pachulski Stang Ziehl & Jones LLP as Attorneys for the Debtor Nunc Pro Tunc to the Petition Date* (the "**Application**"), which is being submitted concurrently herewith.

2. The Firm consists of approximately 70 attorneys with a practice concentrated on reorganization, bankruptcy, litigation and commercial issues. The Firm's attorneys have extensive experience in representing debtors, trustees, individual creditors, committees of various

1 constituencies, asset purchasers, and investors in both in and out of court restructurings. The Firm
2 has represented debtors in numerous bankruptcy cases nationwide and in this District in a wide range
3 of industries.

4 3. Neither I, the Firm, nor any partner, of counsel or associate thereof, insofar as I have
5 been able to ascertain, has any connection with the above-captioned Debtor (the “**Debtor**”), its
6 creditors or any other parties in interest herein, or their respective attorneys, except as set forth
7 below.

8 4. PSZ&J represents many committees, whose members may be creditors in the
9 Debtor’s chapter 11 case; however, PSZ&J is not representing any of those entities in this case and
10 will not represent any members of any committee in any claims that they may have collectively or
11 individually against the Debtor.

12 5. The Debtor has and will retain various professionals during the pendency of this case,
13 including Development Specialists, Inc. as financial advisor, Armanino as accountant, Baker Tilly as
14 tax advisor, and On-Site Associates and C&C as collections agents. The Debtor may retain other
15 professionals after the Petition Date. PSZ&J has previously worked and will continue to work with
16 these referenced professionals on various representations, at times representing the same parties and
17 at other times representing parties with similar interests or parties with adverse interests. PSZ&J will
18 work with the other retained professionals to ensure there is no unnecessary duplication of services.

19 6. PSZ&J and certain of its partners, of counsel and associates may have in the past
20 represented, and may currently represent and likely in the future will represent creditors of the
21 Debtor in connection with matters unrelated to the Debtor and this case. At this time, PSZ&J is not
22 aware of such representations. PSZ&J will be in a position to identify with specificity any such
23 persons or entities when lists of all creditors of the Debtor have been reviewed and will make any
24 further disclosures as may be appropriate at that time. A copy of the PSZ&J’s engagement with the
25 Debtor is annexed hereto as **Exhibit 1**.

26 7. PSZ&J is a “disinterested person” as that term is defined in section 101(14) of title 11
27 of the United States Code (the “**Bankruptcy Code**”) in that PSZ&J, its partners, of counsel and
28 associates:

- (a) are not creditors, equity security holders or insiders of the Debtor;
- (b) are not and were not, within 2 years before the date of the filing of the petitions, a director, officer or employee of the Debtor; and
- (c) do not have an interest materially adverse to the interest of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtor, or for any other reason.

8. PSZ&J ran a conflict search of the parties listed on **Exhibit 2** hereto. To the best of my knowledge, neither I, nor any partner, of counsel or associate of PSZ&J, insofar as I have been able to ascertain, has any connection with the U.S. Trustee or any person employed in the office of the U.S. Trustee or any Bankruptcy Judge currently serving on the United States Bankruptcy Court for the Northern District of California (San Francisco Division).

9. Except as set forth herein, I am not currently aware of any connections with the parties listed on **Exhibit 2**; however, PSZ&J will update its conflicts search as necessary and file the necessary disclosures with the Court as required by the Bankruptcy Code and the Bankruptcy Rules.

- a. The Debtor has a claim for unpaid attorneys' fees and expenses in the amount of \$46,469.95 (and Sedgwick is holding a retainer of \$2,000) against Penthouse Global Media, Inc. ("**PGMI**"), which has a chapter 11 bankruptcy case pending in the United States Bankruptcy Court for the Central District of California (San Fernando Valley Division), Case No. 1:18-bk-10098 (MB). On February 7, 2018, the Debtor filed a proof of claim against PGMI. In March 2018, a chapter 11 trustee was appointed in PGMI's chapter 11 case and PSZJ was retained as counsel to the trustee. PGMI's case is likely administratively insolvent. *See* [Docket No. 698]. It is highly unlikely that any distributions will be made to unsecured creditors given that administrative creditors will not be paid in full. As a result, it is unlikely that the claim the Debtor has against PGMI will be reconciled or receive a distribution. In the unlikely event that the Debtor's claim is contested, PSZJ will not handle the reconciliation of such claim to the extent the chapter 11 trustee elects to object or contest the claim.

b. Certain PSZ&J clients, in multiple unrelated cases, are currently using Epiq Systems as claims or notice agent.

10. PSZ&J has received payments from the Debtor during the year prior to the Petition Date in the amount of \$753,586.52 including the filing fee for this case, in connection with its prepetition representation of the Debtor. In addition, PSZ&J holds a retainer of \$100,000. PSZ&J is current as of the Petition Date, but has not yet completed a final reconciliation of its prepetition fees and expenses as of the Petition Date. Upon final reconciliation of the amount actually expended prepetition, any balance remaining from the prepetition payments to the Firm will be credited to the Debtor and will supplement PSZ&J's retainer to apply to postpetition fees and expenses pursuant to the compensation procedures approved by this Court and the Bankruptcy Code.

11. Subject to Court approval in accordance with sections 330(a) and 331 of the Bankruptcy Code, compensation will be payable to PSZ&J on an hourly basis, plus reimbursement of actual, necessary expenses and other charges incurred by PSZ&J. The principal attorneys presently designated to represent the Debtor and their current standard hourly rates are:

a.	Richard M. Pachulski	\$1,245.00
b.	Kenneth H. Brown	\$925.00
c.	John D. Fiero	\$875.00
d.	John W. Lucas	\$725.00
e.	Jason H. Rosell	\$595.00
f.	Paralegals	\$375.00

12. Other attorneys and paralegals may from time to time serve the Debtor in connection with the matters described herein. The Biographies of the above attorneys is annexed hereto as **Exhibit 3.**

13. The hourly rates set forth above are PSZ&J's standard hourly rates for work of this nature. These rates are set at a level designed to fairly compensate PSZ&J for the work of its attorneys and paralegals and to cover fixed and routine overhead expenses. It is PSZ&J's policy to charge its clients in all areas of practice for all other expenses incurred in connection with the client's case. The expenses charged to clients include, among other things, conference call charges,

1 mail and express mail charges, special or hand delivery charges, document retrieval charges,
2 photocopying charges, charges for mailing supplies (including, without limitation, envelopes and
3 labels) provided by PSZ&J to outside copying services for use in mass mailings, travel expenses,
4 expenses for “working meals,” computerized research, and transcription costs, as well as non-
5 ordinary overhead expenses such as secretarial and other overtime. PSZ&J will charge the Debtor
6 for these expenses in a manner and at rates consistent with charges made generally to PSZ&J’s other
7 clients. PSZ&J believes that it is fairer to charge these expenses to the clients incurring them than to
8 increase the hourly rates and spread the expenses among all clients.

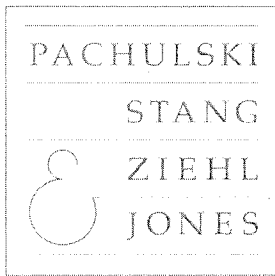
9 14. No promises have been received by the Firm or by any partner, of counsel or
10 associate thereof as to compensation in connection with this case other than in accordance with the
11 provisions of the Bankruptcy Code. The Firm has no agreement with any other entity to share with
12 such entity any compensation received by the Firm in connection with this chapter 11 cases except
13 among the partners, of counsel and associates of the Firm.

14 Dated: October 15, 2018

/s/ John W. Lucas

John W. Lucas

EXHIBIT 1
(Engagement Letter)



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WEB: www.pszjlaw.com

jlucas@pszjlaw.com

July 10, 2017

DIRECT DIAL 415-217-5108

VIA E-MAIL

PERSONAL & CONFIDENTIAL

Mr. Michael F. Healy
Sedgwick LLP
333 Bush Street, 30th Floor
San Francisco, California 94104-2834
Email: michael.healy@sedgwicklaw.com

Re: Engagement Letter

Dear Michael:

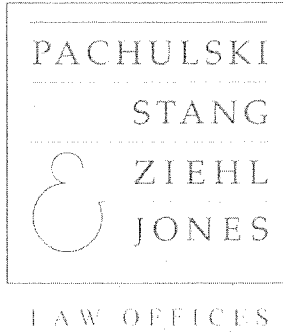
Thank you for retaining Pachulski Stang Ziehl & Jones LLP (“PSZJ”) to act as counsel to Sedgwick LLP (the “Firm”) in connection with the Firm’s restructuring of its financial obligations and related operational and legal issues. This letter will set forth the terms of PSZJ’s engagement (the “Representation”).

1. General Nature of the Representation

PSZJ shall be retained to assist the Firm in its negotiations and documentation regarding the Firm’s restructuring of its financial obligations and related operational and legal issues.

PSZJ’s legal services will not ordinarily include appearances before any court or agency other than the bankruptcy court with respect to matters, which are, in essence, disputes involving issues of non-bankruptcy law, or the provision of substantive legal advice outside the insolvency area, unless we agree to represent the Firm in such matters. In this regard, PSZJ will not provide advice or representation regarding matters of trademark, copyright, taxation, labor, securities, ERISA, probate/estate planning, criminal, or other non-bankruptcy or non-debtor/creditor specialties of the law.

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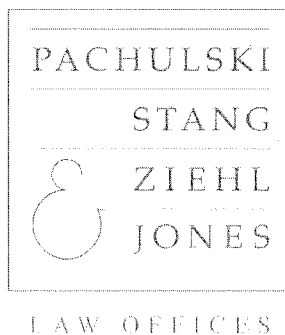
Mr. Michael F. Healy
July 10, 2017
Page 2

2. Attorneys' Fees

As a condition to accepting this representation, PSZJ requires the payment of an advance retainer, which shall be deposited in our regular operating account, in the amount of \$50,000 (the "Retainer"). The Retainer shall be evergreen, meaning we will ask regularly for the Retainer to be "topped off" and replenished to the \$50,000 figure as fees are incurred. Such topping off may occur more than once a month if we believe the Retainer will be exhausted prior to the end of the billing cycle. The Retainer is not a fixed price for the case, and PSZJ reserves the right to seek additional compensation beyond the Retainer. The Retainer will be deemed earned in full on receipt by virtue of PSZJ undertaking this representation, and such Retainer will only be refundable to the extent that the total hours and expenses incurred for services rendered and costs incurred is less than the Retainer amount. Prior to any bankruptcy filing, and subject to the Firm's engagement of PSZJ for such further representation, the Firm and PSZJ will enter into a supplemental engagement letter regarding the term of such representation. In which case, the Retainer will be used to bring the Firm current on any outstanding fees and expenses as of the filing date, and any remaining balance of the Retainer shall be maintained for payment of fees and expenses in the bankruptcy case. We will require our outstanding balance of fees and costs to be paid down to zero as well as a supplementation of the Retainer immediately prior to any bankruptcy filing, subject to our mutual agreement on the topic at the time.

Subject to payment of the Retainer identified above, PSZJ accepts its proposed employment and agrees to take such steps as are reasonably advisable to achieve the Firm's goals. The Firm acknowledges that PSZJ has made no guarantee or promise regarding the results of PSZJ's representation of the Firm and all expressions relative thereto are PSZJ's opinions only.

PSZJ will send bills via email only to the Firm care of Gene Elsbree and Bruce Celebrezze on a monthly basis. Our fees are computed and billed on a time-expended basis. The Firm agrees to pay for services rendered at the PSZJ's prevailing hourly rates at the time and, for services during the representation. Richard Pachulski, Kenneth Brown, and John Lucas will be the principal attorneys working on this matter. PSZJ will delegate tasks among these attorneys and other attorneys at PSZJ in the most cost-efficient manner possible, taking into account any court or other deadlines that might be involved.



Mr. Michael F. Healy
July 10, 2017
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PSZJ's hourly rates are subject to periodic adjustments to reflect economic and other conditions, subject to agreement in advance by the Firm.

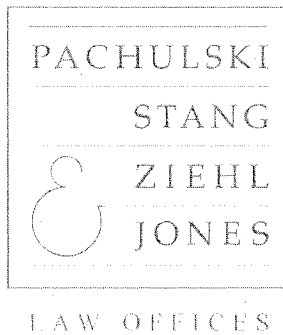
The Firm agrees to pay for costs, without markup, incurred in connection with this representation. Although not all of the costs listed will be incurred in this matter, typically costs may include, but are not limited to, expenditures for the following: messenger services, , filing fees, court fees, service costs, experts, records procurement, deposition fees/charges, costs of trial, telecopy charges, postage and photocopying.

3. Respective Responsibilities of Attorney and the Firm

PSZJ will need the Firm's assistance in performing the services contemplated hereunder. The Firm agrees that PSZJ will take direction only from Michael Healy, Gene Elsbree, and/or Bruce Celebrezze on behalf of the Firm. Given the nature of the work contemplated and the time frame under which our services will be provided, and in order to maximize efficiency and minimize costs, we request that all communication with us be made through one of these individuals. Further, and generally throughout this engagement, the Firm agrees to cooperate fully with PSZJ in connection with our representation of the Firm by providing PSZJ with information relevant to this engagement and by making the Firm's partners, employees, and representatives reasonably available for consultation and interviews. We will keep the Firm informed of developments as necessary to perform our services and will consult with the Firm to ensure the timely and efficient completion of our work. Such communications will be made through the foregoing individuals.

As with every PSZJ engagement, our representation will be conducted in accordance with the highest legal and ethical standards governing the practice of law. The Firm has the right to terminate our services at any time upon written notice. The Firm agrees to pay for all services rendered and costs or expenses paid or incurred prior to the date of such termination.

We will also have the right to withdraw from this representation if the Firm fails to comply with this agreement, if any fact or circumstance arises that would render our continuing representation unlawful or unethical, or for any other reason for which withdrawal is authorized or required under applicable law or rules of professional



Mr. Michael F. Healy
July 10, 2017
Page 4

conduct, including the Firm's refusal to cooperate with us or to follow our advice on a material matter. In the event of our withdrawal, the Firm agrees to pay for all services rendered and costs or expenses paid or incurred prior to the date of such withdrawal.

4. Disclosure of Representations

In order to avoid representing parties with conflicts of interest, we maintain a computerized conflict of interest index. We have reviewed our index for conflicts with the names you provided. Please provide us with a comprehensive list of the Firm's creditors when you can.

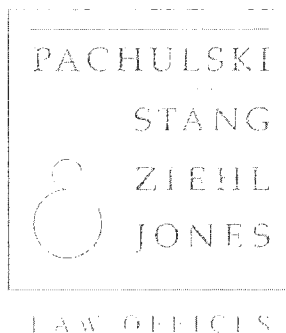
5. Future Conflicts in Unrelated Matters

The Firm recognizes and acknowledges that modern business and finance can result in the Firm having connections with myriad of businesses. The Firm agrees that PSZJ may represent, in an unrelated matter, a party adverse to the Firm herein. The Firm also agrees that after PSZJ's representation of the Firm, PSZJ may represent a party in a matter adverse to the Firm so long as PSZJ has no confidential information obtained through or as a result of PSZJ's representation of the Firm.

PSZJ's acceptance of this representation is conditioned upon the Firm's agreement that, in any other matter not related to this representation, in which the Firm is or may be a party in interest, PSZJ's representation of the Firm in this matter will not create a potential or actual conflict of interest, and that PSZJ may undertake the representation, notwithstanding the Firm's interest in those matters, without further notice to or consent by the Firm, provided that the confidentiality of the Firm's information is preserved. The Firm further agrees that it will not use its relationship with PSZJ as a basis for the assertion of the existence of a conflict of interest of any kind in order to block PSZJ's representation of other clients in such other matters.

6. Records Retention Policy

During the course of this representation, PSZJ will generate and maintain files, documents, and electronic records (including e-mail messages) related to this matter, including administrative, conflict of interest, and billing records ("Client Files"). PSZJ has a records retention policy to address Client Files that are no longer needed for



Mr. Michael F. Healy
July 10, 2017
Page 5

legal and/or business purposes. At the conclusion of this representation, the Firm may request the return of any or all of the Client Files, subject to the terms of any protective order or non-disclosure agreement. PSZJ reserves the right to copy (at our expense) and keep any selected files that may be transferred to the Firm. Any Client Files that are not transferred to the Firm will be retained by PSZJ for a period of five years from the date this representation is concluded. At the end of this period, the Client Files will be destroyed. Although the Firm will, as a courtesy, endeavor to reiterate this policy at the time this matter is closed and prior to the end of the retention period, the failure to provide such additional notices will not alter or extend the terms of PSZJ's records retention policy.

This letter sets forth the terms of the retention agreement between the Firm and PSZJ. Please sign and return a copy of this letter to me together with a wire transfer in the amount of the Retainer

Once again, thank you for selecting Pachulski Stang Ziehl & Jones LLP to serve as the Firm's counsel. We look forward to working with you in this matter. I would be pleased to answer any questions you might have.

Very truly yours,

Pachulski Stang Ziehl & Jones LLP

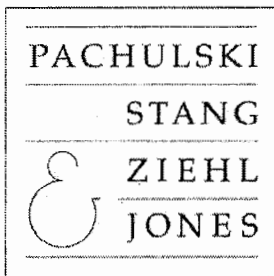
John W. Lucas

AGREED AND ACCEPTED:

Sedgwick LLP

By: 

Michael F. Healy
Chairman and Partner



LAW OFFICES
LIMITED LIABILITY PARTNERSHIP

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NEW YORK
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NEW YORK
NEW YORK 10017-2024

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WEB: www.pszjlaw.com

jlucas@pszjlaw.com

December 29, 2017

DIRECT DIAL 415-217-5108

VIA E-MAIL
PERSONAL & CONFIDENTIAL

Mr. Michael F. Healy
Sedgwick LLP
333 Bush Street, 30th Floor
San Francisco, California 94104-2834

Re: **Amendment to Engagement Letter**

Dear Michael:

Pachulski Stang Ziehl & Jones LLP ("PSZJ") and Sedgwick LLP (the "Firm") entered into an engagement letter, dated July 10, 2017 (the "Engagement Letter"), by which PSZJ was retained to act as the Firm's restructuring counsel. Effective January 1, 2018, the Engagement Letter is amended to reflect that PSZJ shall take direction from Bruce Celebrezze, Eugene Brown, and/or Curtis Parvin, who will act as the Firm's dissolution committee.

Very truly yours,

Pachulski Stang Ziehl & Jones LLP

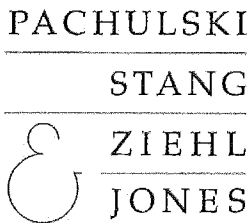
John W. Lucas

AGREED AND ACCEPTED:

Sedgwick LLP

By:
Michael F. Healy
Chairman and Partner

DOCS_SF:95673.1 77998/001



LAW OFFICES
LIMITED LIABILITY PARTNERSHIP

SAN FRANCISCO, CA
LOS ANGELES, CA
WILMINGTON, DE
NEW YORK, NY

150 CALIFORNIA STREET
15th FLOOR
SAN FRANCISCO
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jucas@pszjlaw.com

February 12, 2017

DIRECT DIAL 415-217-5108

VIA E-MAIL
PERSONAL & CONFIDENTIAL

Mr. Curtis D. Parvin
2646 Dupont Drive, Suite 60 #503
Irvine, CA 92612

Re: Second Amendment to Engagement Letter

Dear Curtis:

Pachulski Stang Ziehl & Jones LLP ("PSZJ") and Sedgwick LLP (in dissolution, the "Firm") entered into an engagement letter, dated July 10, 2017 (the "Engagement Letter"), by which PSZJ was retained to act as the Firm's restructuring counsel. The Engagement Letter was amended, on or about December 29, 2017 (the "Amended Engagement Letter" and together with the Engagement Letter, the "Engagement Letters"), to reflect that PSZJ would take direction from the members of the dissolution committee effective January 1, 2018. The Engagement Letters are hereby amended to expand the scope of PSZJ's services to prepare and prosecute the Firm's bankruptcy case and necessary services that arise therefrom.

Very truly yours,

Pachulski Stang Ziehl & Jones LLP

John W. Lucas

AGREED AND ACCEPTED:

Sedgwick LLP (in dissolution)

By:
Curtis D. Parvin
Chairman of Dissolution Committee

Exhibit 2

(Parties-in-Interest)

Top Creditors

WPF Tower B Co. L.P.
333 Bush, L.L.C.
CPF 801 Tower, LLC
Ideal Holdings INC, LLC
Insight Investments, LLC
Lano/Armada Harbourside, LLC
One North Wacker Drive LLC
BMO Harris Bank, NA
Switch
Thompson Reuters-West
UnitedLex Corporation6130
Epiq Systems
LexisNexis Matthew Bender & Co., Inc.
Document Technologies LLC
One Biscayne Tower, LLC
First Legal Network, LLC
XO Communications, a Verizon Company
Covenant Consulting LLC
Cogent Communications, Inc.
InOutSource, LLC
American Legalnet Inc.
Exponent, Inc.
Barkley Court Reporters, Inc.
Xerdict Group LLC
ABD Insurance & Financial Services
Resolution Economics LLC
Portfolio Media Inc.
RecordTrak, Inc.
viDesktop, Inc.
Concep
Aon Risk Services Central, Inc.
Softchoice Corporation
Nuance Document Imaging, Inc.
GRM Information Management Services
Mitrastech Holdings Inc.
Document Technologies LLC
Abila, Inc.
Ross Holdings, LLC
The Langham Chicago
Quest Discovery Services

Former Equity Partners

Abadin, Ramon A.
Anscombe, Anthony J.
Barnes, Craig S.
Bernstein, Michael H.
Blancett, John W.
Brown, James S.
Brown, Jr., Eugene
Campillo, Ralph A.
Cauley, E. Paul Jr.
Celebrezze, Bruce D.
Cook, Kimberly A.
Cosgrove, Phillip R.
Davisson, Michael R.
Di Saia, Steven D.
Diwik, James P.
Eassa, Robert
Elsbree, Eugene V.
Fox, Michael L.
Glen, Alan M.
Gough, Gayle L.
Guirgis, Ralph A.
Healy, Michael F.
Helfing, Robert F.
Hermann, II, Richard P.
Holmes, James J.
Humiston, David M.
Imre, Christina
Karos, Maria K.
Keale, James, II
Klein, Lawrence
Klinger, Marilyn S.
Kum, Robert
Marks, Christopher S.
Mason, Wayne B.
McCall, George
McMahan, Troy D.
Mesher, Barry N.
Mikacich, Amee A.
Mroz, Scott D.
O'Leary, Martin J.
Parvin, Curtis D.
Pipkin, Mike F.
Port, Andrew E.
Potente, Alexander E.
Rambin, W. Neil

Riehle, Paul J.
Robertson, Thomas D.
Roland, Steven D.
Scheiner, Eric C.
Sheridan, Stephanie A.
Shimko, Anna C.
Smick, Joseph M.
Smith, Fred A.
Stenfeldt, Lillian G.
Stephens, John F.
Sugayan, Catalina J.
Sullivan, Susan K.
Tanenbaum, Michael A.
Towey, Robert D.
Vickery, Alan R.
Wallace, Richard E.
Wasserman, Steven D.
Woodward, Karen E.

EXHIBIT 3

(Biographies)



10100 Santa Monica Blvd.
13th Floor
Los Angeles, CA 90067-4003

Richard M. Pachulski

Tel: 310.277.6910 | rpachulski@pszjlaw.com

EDUCATION

University of California at
Los Angeles (B.A., *summa
cum laude*, 1976)

Stanford University (J.D.
1979)

Phi Beta Kappa; Pi Gamma
Mu

BAR AND COURT ADMISSIONS

1979, California

CLERKSHIPS

Judicial extern, Robert M.
Takasugi (C.D. Cal. 1978-79)

Mr. Pachulski is widely regarded as one of the preeminent corporate restructuring attorneys in America. He was recently named an "Attorney of the Year" by American Lawyer Media's *Recorder*, and has been lead counsel on several deals that have been recognized as "Deal of the Year" by *The M&A Advisor*, *Turnaround & Workouts* and *Global M&A Network*. Over the past few years, he was lead counsel in the corporate restructurings of American Suzuki Motor Corporation, Solyndra LLC, and Mesa Airlines. Additionally, Mr. Pachulski also recently was lead bankruptcy counsel to Lehman Brothers in a matter involving over \$2 billion due to Lehman Brothers.

For the past four decades, Mr. Pachulski has represented debtors and creditors' committees in both out-of-court workouts and in-court proceedings. In addition, he has extensive experience in business reorganizations, as well as debtor/creditor litigation across numerous industries. During the 1980s, he was a well-known chapter 7 and chapter 11 trustee. His work over this time span led to inclusion in the American College of Bankruptcy, an honorary association of the nation's most esteemed bankruptcy and insolvency professionals.

Other career highlights include representation of the debtors in MagnaChip Semiconductor, Breed Technologies, Sizzler International, Covad Communications and Peregrine Systems; representation of the Circuit City Creditors' Committee and, thereafter, the Circuit City Liquidating Trustee; representation of the ad hoc bondholders' committee in Adelphia Corporation; and lead counsel in the restructuring of the debts of internationally acclaimed singer-songwriter Toni Braxton. In total, he has assisted in tens of billions of dollars in restructurings during his career.

Several national publications and organizations frequently recognize Mr. Pachulski for his work in the restructuring and turnaround field. For example, *Chambers USA* repeatedly ranks him as a top-tier national bankruptcy/restructuring attorney; *Best Lawyers in America* has listed him among the nation's top bankruptcy attorneys every year since 1995; *K&R*

Restructuring Register and *Turnaround & Workouts* listed him as one of America's top restructuring professionals; *California Law Business* listed him as one of "California's 100 Most Influential Attorneys;" and *Los Angeles Business Journal* listed him as one of fifteen top banking & finance "turnaround artists." He also holds an "AV Preeminent Peer Rating," *Martindale-Hubbell's* highest recognition for ethical standards and legal ability. In 2016, he was named to *Thomson Reuters' "Top 10: 2016 Southern California Super Lawyers"* list and in 2018 was listed by *Who's Who Legal* among "Thought Leaders - Restructuring & Insolvency."

Mr. Pachulski is a graduate of UCLA, and received his J.D. from Stanford University. He is admitted to practice in California, and is a resident in our Los Angeles office.

Representations

Chapter 11 debtors in American Suzuki Motor Corporation; Highway Technologies; Peregrine Systems; Breed Technologies; Solyndra; Covad Communications Group, Commonwealth Equity Trust; Sizzler International; Toni Braxton; Mesa Air Group; MagnaChip Semiconductor

Creditors' committees in Circuit City; First Executive Corporation; Northpoint Communications

Ad hoc bondholders' committee in Adelphia Communications

Lehman Brothers in Palmdale Hills Property

Trustees in Triad America Corporation and Ezri Namvar

Professional Affiliations

Fellow, American College of Bankruptcy

Member, Financial Lawyers Conference Board of Governors (1989-92)

Publications

Coauthor, "Chapter 11 - The Bank of Last Resort," 45 *Business Lawyer* 261 (1989)

Coauthor, "Plan Wars - The Use of Chapter 11 to Coax Continued Financing From a Reluctant Lender," 738 *PLI/Comm.* 7 (1996)



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94111-4500

Kenneth H. Brown

Tel: 415.263.7000 | kbrown@pszjlaw.com

EDUCATION

University of California at
Santa Barbara (B.A., with
high honors, 1977)

Hastings College of Law,
University of California (J.D.
1981)

BAR AND COURT ADMISSIONS

1981, California

Mr. Brown has extensive experience in bankruptcy and commercial litigation. He has represented and advised debtors, unsecured creditors, secured creditors, insurers, creditors' committees, and trustees in complex Chapter 11 and Chapter 15 cases and in related litigation in both state and federal court, including defending employers in WARN Act class action litigation and advising them on the intersection of the WARN Act and bankruptcy. Mr. Brown also has extensive experience representing professional firms and their principals in dissolutions and bankruptcies. He is a graduate of U.C. Santa Barbara and received his J.D. at Hastings College of the Law, where he was articles editor for the *Hastings Law Journal*. Mr. Brown is a director of the Bay Area Bankruptcy Forum, a former member of the State Bar of California Business Law Section Subcommittee on Debtor/Creditor Relations and Bankruptcy and frequently serves as a mediator for the Bankruptcy Dispute Resolution Program for the Northern District of California and the San Francisco Bar Association. He holds an AV Preeminent Peer Rating, Martindale-Hubbell's highest recognition for ethical standards and legal ability. He was listed in the 2018 and 2019 editions of *Best Lawyers in America* for his work in Bankruptcy and Creditor Debtor Rights / Insolvency and Reorganization Law and Litigation - Bankruptcy. Mr. Brown is admitted to practice in California and is a resident in our San Francisco office.

Representations

Law firm bankruptcies: Brobeck, Phleger & Harrison; Heller Ehrman, Landels Ripley & Diamond

Committees in Catholic church bankruptcies: Christian Brothers Institute, Archdiocese of Milwaukee, Catholic Diocese of Wilmington

Cross-border case: Katsumi Iida

Professional Affiliations

Director, Bay Area Bankruptcy Forum (2001-)

Mediator, San Francisco Bar Association, Early Settlement Program (1997-2003)

Bankruptcy Dispute Resolution Program, United States Bankruptcy Court for the Northern District of California (1994-)

Member, State Bar of California Business Law Section Debtor/Creditor Committee (1999-2002)

Programs and Lectures

Lecturer, American Bankruptcy Institute; Association of Insolvency & Restructuring Advisors; Bar Association of San Francisco; Santa Clara County Bar Association

Publications

Stranger in Paradise? The Role of a Foreign Bankruptcy Trustee in Chapter 15

27 ABI Journal No. 3 at 26 (April 2008), April 2008

"Discovery in Debt Collection Actions," in *Debt Collection Practice in California* (2d ed. 2000)

"Tenants in Distress: Pitfalls and Opportunities for the Retail Landlord," *Shopping Center Business* (1998).

"Law Firm Break-Ups and Bankruptcies," 3 *Legal Malpractice Report* (No. 2 1992)

Co-author, "Dissolutions of Professional Firms Under State Law," in program materials for the Third Annual Northwest Bankruptcy Institute (1989)



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94111-4500

John D. Fiero

Tel: 415.263.7000 | jfiero@pszjlaw.com

EDUCATION

University of Massachusetts
(B.A. 1985)

Hastings College of the Law,
University of California (J.D.,
cum laude, 1988)

BAR AND COURT ADMISSIONS

1988, California

Mr. Fiero serves as a co-chair of the firm's Committee Practice Group and maintains a national practice representing debtors, committees, acquirers, and other significant parties in interest in complex reorganizations and financially distressed situations, both in and out of court.

Mr. Fiero is a graduate of the University of Massachusetts at Amherst and received his J.D. from Hastings College of the Law, where he was associate note editor for the *Hastings Journal of Communications and Entertainment Law*.

Mr. Fiero is a co-chair of the 2018 California Bankruptcy Forum. Every year since 2004, he has been named a Super Lawyer by *San Francisco Magazine*. He is also credited for his "highly constructive approach" in *Chambers USA's* list of leading bankruptcy and restructuring lawyers and has been named every year since 2013 for his work in bankruptcy and creditor-debtor rights law by *Best Lawyers in America*. Mr. Fiero is admitted to practice in California and is resident in our San Francisco office.

Representations

Chapter 11 debtors: NewZoom Inc. (San Francisco); Arlie & Co. (Eugene, Oregon); ManagedStorage International (Delaware); Heller Ehrman LLP (San Francisco); Tri Valley Growers (Oakland); Webvan (Delaware)

Creditors' committees: PopExpert (San Francisco); Yellow Cab Cooperative (San Francisco); Rdio, Inc. (San Francisco); Deerfield Ranch Winery (Santa Rosa); Event Rentals (Delaware); BR Festivals (Santa Rosa); IntraOp Medical Corporation (San Jose); Orchard Supply Hardware (Delaware); Trident Microsystems (Delaware); Carinalli (Santa Rosa); Humboldt Creamery LLC (Santa Rosa); Pacific Lumber Company (Corpus Christi); The Billing Resource (San Jose); Prediwave Corporation (Oakland); Crescent Jewelers (Oakland); Northpoint Communications (San Francisco); Adesta Communications (Omaha); Western Integrated Networks (WinFirst)

(Denver); Metricom (San Jose)

Professional Affiliations

Trustee, UC Hastings College of the Law Foundation

Member, United States Bankruptcy Court for the Northern District of California Bench-Bar Liaison Committee (2006 - 2009)

Chair, American Bar Association Real Property Section Litigation and Dispute Resolution Committee (1998-2000)

Programs and Lectures

Bar Association of San Francisco, California Bankruptcy Forum, International Women's Insolvency & Restructuring Confederation, American Bar Association, American Bankruptcy Institute

Publications

Music Festival Insolvencies: What Happens When the Music Stops?
37 ABI Journal 48 (No. 4 April 2018), April 2018

Properly Structured Private Equity Fund Avoids Pension Withdrawal Liability
Pachulski Bulletin #11, December 2012

Creditor's Self-Interest Precludes Fee Reimbursement From the Estate
September 2012



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John W. Lucas

Tel: 415.217.5108 | jlucas@pszjlaw.com

EDUCATION

University of California at
Los Angeles (B.A. *magna
cum laude*, 1992)

University of Oregon School
of Law (J.D. 2004)

BAR AND COURT ADMISSIONS

2010, California

2005, New York

CLERKSHIPS

Law clerk, Judge Robert D.
Drain (Bankr. S.D.N.Y.
2004-06)

Mr. Lucas represents debtors, creditors' committees, creditors, and trustees in chapter 11 cases and companies in out-of-court restructurings with an emphasis on transportation, financial products, food services, retail, automotive, and technology. Mr. Lucas is a graduate of the University of California at Los Angeles and received his J.D. from the University of Oregon School of Law and was a member of the *Oregon Law Review*. Mr. Lucas is admitted to practice in California and New York and is a resident in our San Francisco office.

Representations

Chapter 11 debtors: A.M. Castle & Co.; Blue Earth; NewZoom Inc.; Response Genetics; Tri-Valley Learning Corporation; Elephant Bar Restaurants; Z'Tejas Restaurants; Highway Technologies; American Suzuki Motor Corporation; Global Aviation; Mesa Airlines; Lehman Brothers Holdings; Champion Enterprises; Heller Ehrman LLP; Lexington Precision; Silicon Graphics

Chapter 11 creditors: Cottonwood Cajon in Premier Golf Properties; Lehman Commercial Paper Inc. and Lehman ALI Inc. in Palmdale Hills Property LLC ("SunCal"); indenture trustee in Calpine; bondholders in Portrait Corporations of America

Creditors' committees: Uni-Pixel; Rdio Inc.; Yellow Cab of San Francisco; Champps/Fox & Hound Restaurants; Trident Microsystems (Far East) Ltd.

Trustees: Evergreen International Aviation; Exigen (USA)

Section 363 asset sales: Represented buyers in Quality Discount Ice Cream; Nurserymen's Exchange

Out-of-court restructurings: Security Capital Assurance Ltd. and a professional sports franchise

Professional Affiliations

Cochair, American Bankruptcy Institute Annual Southwest Bankruptcy Conference (2014-present)

Advisory Board Member, American Bankruptcy Institute Annual Southwest Bankruptcy Conference (2011-2014)

Publications

Debtor-in-Possession Financing
Funding a Chapter 11 Case
December 2012

Creditor's Self-Interest Precludes Fee Reimbursement From the Estate
September 2012

First Day Motions (3d ed.)
A Guide to the Critical First Days of a Bankruptcy Case
American Bankruptcy Institute, June 2012

"Approval of the DIP Financing Order" in *Debtor-in-Possession Financing: Funding a Chapter 11 Case* (ABI 2012)

Coauthor, "The Role and Retention of the Chief Restructuring Officer," in *The Americas Restructuring and Insolvency Guide* (2008/2009)

"The Article 9 Buyer's Seller Rule & The Justification for Its Harsh Effects,"
83 *Oregon Law Review* 289 (2004)

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94111-4500

EDUCATION

W.P. Carey School of
Business, Arizona State
University (B.S., *summa cum
laude*, 2003)

W.P. Carey School of
Business, Arizona State
University (M.B.A. 2005)

Sandra Day O'Connor
College of Law, Arizona State
University (J.D., *magna cum
laude*, 2009)

BAR AND COURT ADMISSIONS

California, 2010

New York, 2011

CLERKSHIPS

Legal extern, Judge Redfield
T. Baum (Bankr. D. Ariz. 2009)

Jason Rosell

Tel: 415.263.7000 | jrosell@pszjlaw.com

Jason Rosell represents debtors and creditors in chapter 11 cases with an emphasis on technology. Mr. Rosell received his B.S. in Computer Information Systems and M.B.A at Arizona State University's W.P. Carey School of Business; he received his J.D. at Sandra Day O'Connor College of Law, also part of Arizona State University. He served as a legal extern for the Honorable Redfield T. Baum, Bankruptcy Court for the District of Arizona, and is admitted to practice in California and New York. Mr. Rosell has been named a "Rising Star" in *Super Lawyers* for the past four years. Mr. Rosell is resident in our San Francisco office.

Representations

Chapter 11 debtors: Brinkmann Corporation, NewZoom, Hipcricket, Digital Domain Media, Mesa Air Group, Solyndra

Creditors' committees: Cobalt International Energy, Rdio, SFX Entertainment, Haggen Holdings, Residential Capital, AMF Bowling Worldwide

Ad hoc committees: Energy Future Holdings

Professional Affiliations

Board member, Turnaround Management Ass'n - Northern California Chapter

Board member, Bay Area Bankruptcy Forum

EXHIBIT B
(Proposed Order)

Richard M. Pachulski (CA Bar No. 90073)
John D. Fiero (CA Bar No. 136557)
John W. Lucas (CA Bar No. 271038)
Pachulski Stang Ziehl & Jones LLP
150 California Street, 15th Floor
San Francisco, California 94111-4500
Telephone: 415.263.7000
Facsimile: 415.263.7010
Email: rpachulski@pszjlaw.com
jfiero@pszjlaw.com
jlucas@pszjlaw.com

Proposed Attorneys for Sedgwick, LLP

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re:

SEDGWICK, LLP,

Debtor.

Case No.: 18-31087 (HB)

Chapter 11

**ORDER GRANTING DEBTOR'S
APPLICATION TO EMPLOY
PACHULSKI STANG ZIEHL & JONES
LLP AS ATTORNEYS FOR THE
DEBTOR EFFECTIVE AS OF THE
PETITION DATE**

Upon the application (the "Application"),¹ of the above captioned debtor and debtor in possession (the "Debtor") for authorization, pursuant to sections 327(a), 330, and 331 of the Bankruptcy Code and Bankruptcy Rules 2014 and 2016, authorizing the retention of Pachulski Stang Ziehl & Jones LLP as general bankruptcy counsel to the Debtor, effective as of the Petition Date, all as more fully set forth in the Application; and the Court having jurisdiction to consider the Application and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and venue being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that the relief requested in the Application is in the best interests of the Debtor's estate, their creditors, and all other parties in interest; and the Debtor having provided appropriate notice of the Application and no other or further notice need be provided; and the Court having reviewed the

¹ Capitalized terms not defined herein shall have the meaning ascribed to them in the Application.

1 Application; and the Court having considered the Application, all pleadings and papers filed in
2 connection with the Application; after due deliberation and sufficient cause appearing therefor, it is
3 **HEREBY ORDERED THAT:**

- 4 1. The Application is **GRANTED**.
- 5 2. Pursuant to section 327(a) of the Bankruptcy Code, the Debtor is authorized to
6 employ and retain PSZ&J as counsel, effective as of October 2, 2018, on the terms set forth in the
7 Application and the Lucas Declaration.
- 8 3. PSZ&J shall file applications and be compensated in accordance with sections 330
9 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and such other interim
10 compensation procedures as may be fixed by order of this Court.

11 **### END OF ORDER ###**